

Memorandum


TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: James R. Helmer

**SUBJECT: TEMPORARY TAXICAB CAP
ORDINANCE**

DATE: 4-27-05

Approved



Date

5/6/05

Council District: Citywide
SNI Area: N/A

RECOMMENDATION

Approve an uncoded ordinance to temporarily limit until April 30, 2006, both 1) the total number of taxicabs all taxicab company licensees are authorized to operate under their licenses pursuant to Part 4 of Chapter 6.64 of the San Jose Municipal Code to an outstanding number of 572 and 2) the total number of taxicab driver permits issued pursuant to Part 4 of Chapter 6.64 of the San José Municipal Code to an outstanding number of 571.

BACKGROUND

At the November 16, 2004 Council meeting, Council directed the City Attorney to draft an ordinance for City Council approval that temporarily limits, until October 30, 2005, the number of citywide taxicab driver permits at 571 and the number of taxicab vehicles at 572. The cab limits are based on the highest number of taxicabs authorized prior to March 2004. Staff was also directed to seek further input from the taxi industry on the proposed ordinance.

The City Attorney placed an ordinance for Council approval on the December 7, 2004, Council meeting agenda. The item was deferred at the request of Department of Transportation (DOT) staff in order to follow City Council direction in obtaining further input from the taxicab industry.

ANALYSIS

In order to provide stability with regards to the taxicab industry supply while the City transitions to a new taxicab service model, Council desires to enact a temporary limit on the number of taxicab driver permits and taxicab vehicle licenses issued. The proposed limit of 571 driver permits and 572 taxicab vehicle licenses was presented to the Taxicab Advisory Team (TAT) and discussed with individual companies and interested drivers. Members on the TAT,

representing both companies and drivers, provided written positions on the proposed limits and the issue was discussed at the January, February, and March 2005 TAT meetings. The basic position of the companies is that limiting the number of taxicab vehicles will ultimately prevent growth in the industry and reduce service to customers. The union position is that limiting the number of taxicab vehicles on the street will ultimately increase driver incomes. Staff believes both positions are valid and that the challenge lies in finding the balance between customer service and driver income. The following is a summary of the main points made in the written statements and discussions on this issue.

A primary concern of companies once a cap is set and met is that it could prevent them from developing new markets and growing their businesses. Companies want to be certain that they can obtain additional drivers and vehicles to meet increased service needs when they enter into new or expanded service contracts and/or invest in marketing to develop new markets.

Some examples of growth in the taxicab industry over the past six months are:

- A new company called Taxis Fiesta was launched, which focuses on the underserved east San José market.
- The use of taxicabs to provide paratransit service through the VTA has increased from 6% to 22 % of all paratransit trips in Santa Clara County.
- Yellow Checker Cab Company has increased their dispatch/call business by almost 50%.
- Citywide driver permits increased from 483 to 501.
- Citywide taxicab vehicles licenses increased from 431 to 466.

In order to keep expanding taxicab services in San José, Yellow Checker Cab Company proposes a cap of 650 on drivers and vehicles. Yellow Checker Cab Company also proposes delaying implementation of a cap until after the new service model has been implemented and proven to work. Delaying implementation could also make it easier to maintain customer service by replacing drivers who move to other companies.

A concern expressed by United Cab was that limiting the number of vehicles to the same number of drivers could result in a reduced number of spare vehicles available when a vehicle is out of service due to maintenance or crashes. United believes that having fewer vehicles available will result in longer response times for customers. United supports the 571 cap on driver permits and recommends no cap on the number of vehicles, in order to ensure an adequate supply of spare vehicles.

Some of the smaller companies stated they believe a cap unfairly penalizes them by limiting their ability to grow their business in San José. For example, several of the smaller companies have five to seven taxicab vehicles licensed in San José. Many of these small companies have other vehicles that serve the north County area and are not licensed in San José. They believe that once they have access to the Airport their San José business will grow. Their concerns are that once the cap is met 1) they will not be able to add vehicles to meet demand, and 2) they will not meet the minimum 15-vehicle requirement for future Airport access permits, so they will lose access to the Airport.

The South Bay AFL-CIO Labor Council proposes to limit the number of taxicab vehicles to 475 with no limit on driver permits. They believe that with fewer taxicabs on the street, drivers' incomes will improve. Under this cap proposal, nine new taxicab vehicles would be allowed, which could severely limit the future growth of taxicab services in the City.

Additional points raised at the January and February TAT meetings were:

- There was conceptual agreement that once the cap is reached, additional permits should be provided to companies who can show that they have new contract work or dispatch calls, which their existing fleet cannot accommodate.
- Once a cap on vehicles and or drivers is met, monitoring compliance, providing analysis for changing the cap limit or granting exceptions, would require additional City resources, which would be funded in whole or in part by the taxicab industry.

Given City Council direction to establish a temporary cap on taxicabs and after reviewing all stakeholder input and discussing this issue at several TAT meetings, staff believes setting a temporary cap of 571 driver permits and 572 taxicab vehicle licenses for all licensed taxicab companies until April 30, 2006, is the appropriate course of action at this time. The reasons for staff's position are:

- The cap sets a target that will be met as the local economy strengthens and the demand for taxicab services increases.
- The cap provides a sufficient number of taxicab vehicles and driver permits to allow companies to grow moderately under the new service model.
- The 571/572 cap is close to the midpoint between the Yellow Checker Cab Company proposal of 650 and the Labor Council proposal of 475, making it a reasonable compromise between the two proposals.
- If the cap is met and extended beyond April 2006 it would require monitoring and adjustments. At that point in time, the taxi industry would be in a better position to fund the necessary City resources needed to provide the staff analysis and enforcement services.
- Since the new service model will not be implemented until this coming summer, extending the cap beyond the initially suggested dated of October 2005 to April 30, 2006, will allow a reasonable time period for changes to occur in the taxicab industry under the new service model.

Additionally, staff should report back to Council through the Building Better Transportation Committee in April 2006 on the status of taxicab permits and future cap levels, provisions, and resource needs.

OUTCOME

A temporary cap on driver permits and taxicabs authorized to operate pursuant to the taxicab companies license will be in place to provide stability with regards to the taxicab industry supply

while the City transitions to a new taxicab service model. The ordinance will temporarily limit the number of taxicab vehicle licenses and taxicab driver permits issued through April 31, 2006.

PUBLIC OUTREACH

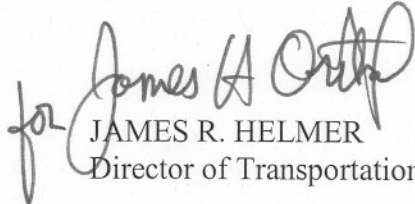
The information in this report has been presented and extensively discussed at three Taxicab Advisory Team meetings and with individual drivers and companies.

COORDINATION

This report has been coordinated with the Airport, Police Department and the City Attorney's Office.

CEQA

Not a project.


for JAMES R. HELMER
Director of Transportation

CEQA
NOV 20 2005
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